

MINUTES
STATE BUILDING COMMISSION MEETING
EXECUTIVE SUB-COMMITTEE
SEPTEMBER 22, 2003

The State Building Commission Executive Sub-committee met this day at 10:30 a.m. in House Hearing Room 29, Legislative Plaza, Nashville, Tennessee.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

Steve Adams, State Treasurer
John Morgan, Comptroller of the Treasury
Riley Darnell, Secretary of State

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS ABSENT

Dave Goetz, Commissioner, Department of Finance and Administration

OTHERS PRESENT

Mike Fitts, State Architect	Annette Crutchfield, Legislative Budget Analysis
Georgia Martin, Department of Finance and Administration	
Larry Kirk, Department of Finance and Administration	
Charles Garrett, Department of Finance and Administration	
Gloria Rittenberry, Department of Finance and Administration	
Genie Whitesell, Attorney General's Office	
Janie Porter, Attorney General's Office	
Charles Harrison, Comptroller's Office	
Mark Wood, Secretary of State's Office	
Dennis Raffield, THEC	
Jerry Preston, Tennessee Board of Regents	
John Gregory, Tennessee Wildlife Resources Agency	
Nancy Blevins, Department of Finance and Administration	
Pat Haas, Bond Finance	
George Brummett, Department of Finance and Administration	
Lou Bervoets, Department of Agriculture	
Paul Ensminger, Department of Agriculture	
John Cothorn, Middle Tennessee State University	
Peggy Wilson, Department of Health	

Secretary of State Darnell called the meeting to order at 10:37 a.m. and requested action on the following matters as presented by State Architect Michael A. Fitts.

* * * * *

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK,, SURVEY and ACCEPT as a GIFT, with WAIVER of APPRAISAL required interest in the following real property:

Description:	<u>Rutherford County – 0.601 +/- Acres (2 Parcels) – Middle Tennessee State University, City View Drive, Murfreesboro, TN – Trans. No. 03-08-013 (LW)</u>
Purpose:	Acquisition of Gift property in exchange for an easement to provide for construction of an access road to an adjacent apartment complex development. Property transfer will allow MTSU future access to the main campus from the west edge of the access road.
Source of Funding:	Gift
Estimated Cost:	Gift
Owner(s):	RGMH Partnership
SSC Report:	9-15-03. Charles Garrett advised staff that THEC had requested this transaction be deferred. THEC received the information for this transaction two days prior to the Staff Subcommittee meeting and had not completed their review of the project. Staff agreed to discuss the transaction and Jerry Preston, Tennessee Board of Regents, presented a summary of the transaction. Mr. Preston advised staff that the acquisition of the two parcels is in exchange for an access road easement that Middle Tennessee State University will grant for an apartment complex that is being constructed by a private entity adjacent to the University. The access road will provide MTSU with access to both the Greek Row complex and a proposed parking lot on the east side of the campus. Staff referred the transaction to Subcommittee for discussion subject to THEC review and support of the project.
SC Action:	9-22-03. Charles Garrett presented the transaction for review and advised that THEC supports the project. Mr. Garrett introduced Jerry Preston, TBR, for a summary of the transaction. Mr. Preston advised that the developer would convey the two parcels to the State in exchange for a Joint Use Easement. He stated the easement is needed to provide an access road for private development of a five lane entrance to the complex as well as entrance to the MTSU parking lot project. He stated MTSU would contribute toward construction of the entrance and would bring forward as a State Building Commission project. Sub-committee approved the project as presented. Final action.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS and with APPROVAL of RIGHT-OF-ENTRY, as required by TCA 4-15-102 and 12-2-112.

Description:	<u>Rutherford County – 0.852 +/- Acres – Middle Tennessee State University, Murfreesboro, TN – Trans. No. 03-08-012 (LW)</u>
Purpose:	Disposal by Easement to provide a five lane access road for the development of an apartment complex and access to MTSU's Greek Row complex.
Estimated Sale Price:	Grant – State Benefit
Grantee:	RGMH Partnership
Comment:	MTSU will contribute 50 % of the construction cost of the access road.
SSC Report:	9-15-03. Charles Garrett advised staff that THEC had requested this transaction be deferred. THEC received the information for this transaction two days prior to the Staff Subcommittee meeting and had not completed their review of the project. Staff agreed to discuss the transaction and Jerry Preston, Tennessee Board of Regents, presented a summary of the transaction. Mr. Preston advised staff that the acquisition of the two parcels is in exchange for an access road easement that Middle Tennessee State University will grant for an apartment complex that is being constructed by a private entity adjacent to the University. The access road will provide MTSU with access to both the Greek Row complex and a proposed parking lot on the east side of the campus. Staff referred the transaction to Subcommittee for discussion subject to THEC review and support of the project.
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DEPARTMENT OF AGRICULTURE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Franklin County – 9,430.85 +/- Acres – Coastal Forest Legacy Project – Trans. No. 03-08-006 (GM)</u>
Purpose:	Acquisition in Fee for the Forest Legacy Program.
Source of Funding:	Federal – USDA Forest Service
Estimated Cost:	Fair Market Value
Estimated Value:	\$3,504,600.00
Owner(s):	Stevenson Land Company, LLC
Comment	Deed will be held by the Tennessee Wildlife Resource Agency.
SSC Report:	9-15-03. Jurgen Bailey presented the transaction and introduced Paul Ensminger, agency representative. Mr. Ensminger summarized the Forest Legacy Program. He advised that the Forest Legacy Projects are funded with 75 percent federal funds and 25 percent donated by the property owner. Staff referred to Sub-committee with recommendation.
SC Action:	9-22-03. Charles Garrett presented the transaction for review and introduced Paul Ensminger, agency representative, for a summary of the transaction. Mr. Ensminger summarized the Forest Legacy Program and all six transactions at Sub-committee's request. Sub-committee approved all six transactions without objection. Final action.

DEPARTMENT OF AGRICULTURE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Franklin County – 3,426.0 +/- Acres - Carter Forest Legacy Area – Trans. No. 03-08-008 (CH)</u>
Purpose:	Acquisition in Fee for the Forest Legacy Program.
Source of Funding:	Federal – USDA Forest Service
Estimated Cost	Fair Market Value
Estimated Value:	\$1,308,300.00
Owner(s):	The Nature Conservancy
Comment:	Deed to be held by TN Wildlife Resource Agency
SSC Report:	9-15-03. Jurgen Bailey presented the transaction and introduced Paul Ensminger, agency representative. Mr. Ensminger summarized the Forest Legacy Program. He advised that the Forest Legacy Projects are funded with 75 percent federal funds and 25 percent donated by the property owner. Staff referred to Sub-committee with recommendation.
SC Action:	9-22-03. Charles Garrett presented the transaction for review and introduced Paul Ensminger, agency representative, for a summary of the transaction. Mr. Ensminger summarized the Forest Legacy Program and all six transactions at Sub-committee's request. Sub-committee approved all six transactions without objection. Final action.

DEPARTMENT OF AGRICULTURE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Fentress County – 1,541.0 +/- Acres – Jim Creek Forest Legacy Area – Trans. No. 03-08-009 (CH)</u>
Purpose:	Acquisition in Fee for the Forest Legacy Program.
Source of Funding:	Federal – USDA Forest Service
Estimated Cost	Fair Market Value
Estimated Value:	\$1,200,000.00
Owner(s):	The Nature Conservancy
Comment:	Deed to be held by the Division of Forestry as part of Pickett State Forest.
SSC Report:	9-15-03. Jurgen Bailey presented the transaction and introduced Paul Ensminger, agency representative. Mr. Ensminger summarized the Forest Legacy Program. He advised that the Forest Legacy Projects are funded with 75 percent federal funds and 25 percent donated by the property owner. Staff referred to Sub-committee with recommendation.
SC Action:	9-22-03. Charles Garrett presented the transaction for review and introduced Paul Ensminger, agency representative, for a summary of the transaction. Mr. Ensminger summarized the Forest Legacy Program and all six transactions at Sub-committee's request. Sub-committee approved all six transactions without objection. Final action.

DEPARTMENT OF AGRICULTURE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and ACQUIRE a CONSERVATION EASEMENT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Marion County – 390.4 +/- Acres (3 Tracts) – McGlaughlin Forest Legacy Area – Trans. No. 03-08-05 (GM)</u>
Purpose:	Acquisition of a Conservation Easement for the Forest Legacy Program
Source of Funding:	Federal – USDA Forest Service
Estimated Cost	Fair Market Value
Estimated Value:	\$850,000.00
Owner(s):	Tennessee River Gorge Trust
Comment:	Easement for development rights to be held by the Division of Forestry.
SSC Report:	9-15-03. Jurgen Bailey presented the transaction and introduced Paul Ensminger, agency representative. Mr. Ensminger summarized the Forest Legacy Program. He advised that the Forest Legacy Projects are funded with 75 percent federal funds and 25 percent donated by the property owner. Staff referred to Sub-committee with recommendation.
SC Action:	9-22-03. Charles Garrett presented the transaction for review and introduced Paul Ensminger, agency representative, for a summary of the transaction. Mr. Ensminger summarized the Forest Legacy Program and all six transactions at Sub-committee's request. Sub-committee approved all six transactions without objection. Final action.

DEPARTMENT OF AGRICULTURE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Marion County – 378.5 +/- Acres – McGlaughlin Forest Legacy Area – Trans. No. 03-08-011 (GM)</u>
Purpose:	Acquisition in Fee of adjoining property for the Forest Legacy Program and to become a part of Prentice Cooper State Forest.
Source of Funding:	Federal – USDA Forest Service
Estimated Cost:	Fair Market Value
Estimated Value:	\$850,000.00
Owner(s):	Tennessee River Gorge Trust
Comment:	Deed to be held by the Division of Forestry and will be a part of Prentice Cooper State Forest.
SSC Report:	9-15-03. Jurgen Bailey presented the transaction and introduced Paul Ensminger, agency representative. Mr. Ensminger summarized the Forest Legacy Program. He advised that the Forest Legacy Projects are funded with 75 percent federal funds and 25 percent donated by the property owner. Staff referred to Sub-committee with recommendation.
SC Action:	9-22-03. Charles Garrett presented the transaction for review and introduced Paul Ensminger, agency representative, for a summary of the transaction. Mr. Ensminger summarized the Forest Legacy Program and all six transactions at Sub-committee's request. Sub-committee approved all six transactions without objection. Final action.

DEPARTMENT OF AGRICULTURE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Van Buren and White County – 2,048 +/- Acres – Cash Forest Legacy Area – Trans. No. 03-08-007 (CH)</u>
Purpose:	Acquisition in Fee for the Forest Legacy Program.
Source of Funding:	Federal – USDA Forest Service
Estimated Cost:	Fair Market Value
Estimated Value:	\$729,400.00
Owner(s):	Great Bay Timber and C. R. Cunningham
Comment:	Deed to be held by the TN Wildlife Resource Agency. Property is adjacent to the Bridgestone-Firestone Wildlife Management Area.
SSC Report:	9-15-03. Jurgen Bailey presented the transaction and introduced Paul Ensminger, agency representative. Mr. Ensminger summarized the Forest Legacy Program. He advised that the Forest Legacy Projects are funded with 75 percent federal funds and 25 percent donated by the property owner. Staff referred to Sub-committee with recommendation.
SC Action:	9-22-03. Charles Garrett presented the transaction for review and introduced Paul Ensminger, agency representative, for a summary of the transaction. Mr. Ensminger summarized the Forest Legacy Program and all six transactions at Sub-committee's request. Sub-committee approved all six transactions without objection. Final action.

DEPARTMENT OF FINANCE AND ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AMENDMENT for the rental of real property as required by TCA 12-2-115:

Location: **Davidson County – Parkway Towers Building, 404 James Robertson Parkway, Nashville, TN Trans. No. 03-08-910**

Purpose: Lease Amendment to provide office and related space for the Tennessee Student Assistance Corporation, Lottery Scholarship Program.

Term: October 1, 2003 thru January 31, 2007 (3 yrs., 4 mos.)

Proposed Amount: 109,960 Square Feet
Avg. Annual Contract Rent \$1,497,010.07 @\$13.61/sf
Incl. Utility & Janitorial Cost: \$1,497,010.07 @\$13.61/sf
Total Avg. Ann. Effective Cost:

Current Amount: 106.060 Square Feet
Avg. Annual Contract Rent
Incl. Utility & Janitorial Cost: \$1,441,138.74 @\$13.59/sf
Total Avg. Ann. Effective Cost: \$1,441,138.74 @\$13.59/sf

Type: Amendment No. 3 – 3,900 Additional Square Feet

FRF Rate: \$18.00 Per Square Foot

Purchase Option: No – Multi-Tenant Facility

Lessor: NNN Parkway Towers, LLC
Anthony W. Thompson, Manager

Comment: Proposed Amendment provides all tenant alterations and modifications to the amended space will be at Lessor's cost prior to occupancy by the State.

SSC Report: 9-15-03. Referred to Sub-committee with recommendation.

SC Action: 9-22-03. Charles Garrett presented the transaction for review and requested approval. Sub-committee approved as presented. Final action.

DEPARTMENT OF HEALTH

NORTHEAST REGIONAL HEALTH FACILITY, JOHNSON CITY, TENNESSEE

- 1) Approved a request for a revision in funding from \$290,000.00 to \$328,000.00 (\$38,000.00 increase) of a project for **Parking Lot Renovations** at Northeast Regional Health Facility, Johnson City, and authorization to award a contract to Summers-Taylor, Inc., Elizabethton, in the amount of \$258,170.00, based on bids received September 9, 2003.

Revised Estimated Project Cost: \$328,000.00
SBC Project No. 408/011-01-02

DEPARTMENT OF FINANCE AND ADMINISTRATION

DISCUSSION OF BIDS

- 1) **Moccasin Bend Mental Health Institute**
(Ward Renovations)
SBC Project No. 344/009-01-01
Bid date: 21 August 2003
SBC Action: Referred to Subcommittee, with authority to act
SC Action: Deferred action

STATE BUILDING COMMISSION

MINUTES

- 1) Approved the Minutes of the State Building Commission Executive Subcommittee meeting held on August 25, 2003.

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Following approval of the Consent Agenda the meeting adjourned at 11:07 a.m.

CONSENT AGENDA

Approved the following real property transactions that have been reviewed and recommended for approval by Sub-committee staff:

- A. Agency: **Comptroller of the Treasury – Knox County**
Transaction: Lease Agreement
- B. Agency: **Tennessee Board of Regents – Shelby County**
Transaction: Disposal by Easement with Right-of-Entry
Provision: Waiver of Advertisement and Appraisals
- C. Agency: **Tennessee Wildlife Resources Agency – Madison County**
Transaction: Disposal by Easement with Right-of-entry
Provision: Waiver of Advertisement and Appraisals
- D. Agency: **Finance & Administration – Wayne County**
Transaction: Lease Agreement for Human Services and Children's Services

A.

COMPTROLLER OF THE TREASURY

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: **Knox County – 5401 Kingston Pike, Knoxville, TN – Trans. No. 03-03-910 (JS)**

Purpose: To provide office and related space for the Divisions of County Audit and Property Assessments.

Term: March 1, 2004 thru February 28, 2014 (10 yrs.)

Proposed Amount: 7,800 Square Feet
Avg. Annual Contract Rent
Incl. Utility & Janitorial Cost: \$82,312.50 @ \$10.55/sf
Total Avg. Ann. Effective Cost: \$82,312.50 @ \$10.55/sf

Current Amount: 7,229 Square Feet
Annual Contract Rent \$90,918.08 @ \$12.58/sf
Est. Ann. Utility & Janitorial cost: \$ 4,187.70 @ \$ 0.58/sf
Total Annual Effective Cost: \$95,105.78 @ \$13.16/sf

Type: New Lease – Advertisement – Lowest of (10 Proposals from (5) Proposers

FRF Rate: \$14.00 Per Square Foot

Purchase Option: No – Multi-tenant Facility

Lessor: Twelve Oaks of Knoxville, LLC
R. Gary Higgins, Partner

Comment: The proposed lease provides (1) the Lessor will construct interior tenant improvements at no additional cost to the State and (2) no cancellation during the first five years of the lease term except for cause and/or lack of funding and 180 days notice thereafter.

The proposed lease will consolidate the operations of County Audit and Property Assessments into one location. Property Assessments currently occupies 3,807 rentable square feet in lease space and County Audit occupies 3,422 rentable square feet in the Supreme Court State Office building.

SSC Report: 9-15-03. Referred to Sub-committee for consent agenda.

SC Action: 9-22-03. Approved as presented. Final action.

B.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS with APPROVAL of a RIGHT-OF-ENTRY as required by TCA 4-15-102 and 12-2-112.

Description:	<u>Shelby County – 200' x 200' Easement – University of Memphis, Getwell Road, Memphis, TN - Trans. No. 03-08-003 (LW)</u>
Purpose:	Disposal by Easement for continued operation of a City fire station.
Term:	Forty (40) Years
Estimated Sale Price:	Grant – State and Public Benefit
Grantee:	City of Memphis
SSC Report:	9-15-03. Referred to Sub-committee for consent agenda.
SC Action:	9-22-03. Approved as presented. Final action.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS with APPROVAL of a RIGHT-OF-ENTRY as required by TCA 4-15-102 and 12-2-112.

Description:	<u>Madison County – 250' x 20' Easement – TWRA Regional Office, Jackson, TN – Trans. No. 03-08-004 (CH)</u>
Purpose:	Disposal by Easement to provide underground power from the Regional Office to a new storage/radio shop building.
Estimated Sale Price:	Grant – State Benefit
Grantee:	Southwest Electric Membership Corporation
SSC Report:	9-15-03. Referred to Sub-committee for consent agenda.
SC Action:	9-22-03. Approved as presented. Final action.

D.

DEPARTMENT OF FINANCE AND ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: **Wayne County – 532 Highway 64 East, Waynesboro, TN – Trans. No. 02-07-902 (TH)**

Purpose: To provide office and related space for the Departments of Human Services and Children's Services local operations.

Term: April 1, 2004 thru March 31, 2014 (10 yr.)

Proposed Amount: 7,100 Square Feet
Annual Contract Rent
Incl. Utility Cost: \$50,400.00 @\$7.10/sf
Est. Annual Janitorial Cost: \$ 7,810.00 @\$1.10/sf
Total Annual Effective Cost: \$58,210.00 @\$8.20/sf

Current Amount: 4,000 Square Feet
Annual Contract Rent Incl. Utility
Cost: \$24,000.00 @\$6.00/sf
Est. Annual Janitorial Cost: \$ 4,400.00 @\$1.10/sf
Total Annual Effective Cost: \$28,400.00 @\$7.10/sf

Type: New Lease – Advertisement – Only Proposal

FRF Rate: \$10.25 Per Square Foot

Purchase Option: Yes

Lessor: Wilburn Hunt, current lessor

Comment: The proposed lease provides (1) Lessor will construct a 7,100 square foot office building (2) Lessor will complete building and interior tenant build-out at no additional cost to the State, and (3) provides no cancellation during the first five years of the lease term except for cause and/or lack of funding and 180 days notice thereafter.

SSC Report: 9-15-03. Referred to Sub-committee for consent agenda.

SC Action: 9-22-03. Approved as presented. Final action.

Approved by: _____
M. D. Goetz, Jr., Commissioner
Department of Finance and Administration